Income Tax - Colorado Source Capital Gain Subtraction

Can I claim the full amount of the capital gain from the sale of a Colorado asset under the Colorado source capital gain subtraction even if I have a capital loss for the same year?

No, the Colorado capital gain subtraction is limited to the lesser of the amount of the federal net capital gain reported on Schedule D or the qualifying Colorado net capital gain.

Example 1: A taxpayer has a qualifying Colorado capital gain of \$4,000, a non-Colorado capital gain of \$500 and a non-Colorado capital loss of \$1,000, for a federal net capital gain of \$3,500. The subtraction allowed on the Colorado return will be \$3,500 (the lesser of \$3,500 and \$4,000).

Example 2: Same facts as in Example 1, except the \$1,000 loss is a qualifying Colorado capital loss. The subtraction allowed in this example would be \$3,000 (the lesser of \$3,500 and \$3,000).